

FOR IMMEDIATE RELEASE, Friday, January 9, 2009

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STARK SLAMS LAST-MINUTE BUSH GIVEAWAY TO PRIVATE INSURERS

WASHINGTON – House Ways and Means Health Subcommittee Chair Pete Stark (D-CA) criticized the early issuance of a draft “call letter” by the Centers for Medicare and Medicaid Services (CMS). The letter, sent to private insurers bidding to provide Medicare benefits, ignores several problem areas and neglects the opportunity to protect beneficiaries from discriminatory practices.

“This letter is a goodbye kiss from the Bush Administration to the insurance industry,” said Rep. Stark. “By releasing their letter early, the Bush Administration is trying to weasel one last year of lax guidelines for the private insurers.”

CMS releases a “call letter” each year to inform insurers bidding to offer private Medicare plans about new policy that will govern the coming plan year. The letter applies to both the Medicare Advantage (MA) and Part D Prescription Drug programs. Yesterday’s release is the earliest ever - the 2008 draft letter was released on March 22, 2007.

Rep. Stark continued, “The Obama Administration arrives in eleven days. The new Administrator should immediately withdraw this draft letter and replace it with one that more adequately address the gaps in beneficiary protections that have been identified. Medicare enrollees and taxpayers cannot afford another year of private insurers using the Medicare Advantage program to pad their profit margins.”

The Bush Administration’s draft letter provides no improvements to the current lax policies that have allowed private insurers to extort billions of dollars from Medicare. The letter includes:

No strengthening of CMS oversight of potentially discriminatory cost sharing. The draft letter indicates that CMS will “scrutinize” higher cost sharing for services such as home health, Part B drugs, hospitalizations or other services more likely to be used by sicker beneficiaries. Scrutiny without enforcement is meaningless. CMS still approved plans for 2009 with higher cost sharing for home health and other services than traditional Medicare. The call letter should define these practices as discriminatory.

No tightening of “pre-notification” requirements. In December 2008, a GAO report showed that certain plans use “pre-notification” requirements to charge cost sharing up to 70 percent of the

cost of Medicare covered services. This practice was permitted by CMS in its 2008 call letter, and the 2010 draft neglects to address this in any way, despite GAO findings.

No cap on out-of-pocket costs – Despite evidence that MA plans increasingly set high out-of-pocket costs for those services most frequently used by severely ill beneficiaries, the draft call letter offers no new protections from the current vague and unenforceable limits on this practice.

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